

1 MS. TSOCHLAS: Well, promotion, I think,
2 promotion -- ever seafarer does want to be
3 promoted because it also has economic
4 incentives there.

5 MR. BUNDY: Okay.

6 CAPTAIN LENNON: Is it safe to say that
7 based on the procedures you have in place --
8 just focusing right now on the computer based
9 training, that taking the training is a
10 condition of employment.

11 MS. TSOCHLAS: Yes.

12 CAPTAIN LENNON: But passing the training
13 is not a condition of employment?

14 THE WITNESS: No, there are two different
15 parts, there's a competency and then there's
16 the computer based training.

17 CAPTAIN LENNON: Just focusing on the
18 computer based training at this point. So, I
19 just, again, in your internal procedures
20 require them, based on your matrix for their
21 particular position, they need to be taking
22 that training and your procedures require that.

23 MS. TSOCHLAS: Uh huh. (Affirmative).

24 CAPTAIN LENNON: But they don't require
25 that they pass? That's not a trick question,

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1 I'm just trying to clarify.

2 THE WITNESS: No, we have said that's why
3 we'll monitor the individual's progress
4 throughout a period of training. So, if he's
5 onboard for six months and he carries out, he
6 should carry out 12 CBT and training sessions
7 in those six months, we'll review the results
8 from that CBT training. If we see that he's
9 continuously getting below the base, it will be
10 included in this appraisal report and he'll be
11 monitored for his performance, but a seafarer's
12 performance is not exclusive to his performance
13 in training.

14 CAPTAIN LENNON: I understand that.

15 MS. TSOCHLAS: It's an overall
16 performance.

17 CAPTAIN LENNON: But if that seafarer
18 doesn't take the training over that period of
19 time, that person won't be hired back, is that
20 correct?

21 MS. TSOCHLAS: Each seafarer is required
22 to take this training while he's onboard.

23 CAPTAIN LENNON: I think we're probably
24 saying the same thing.

25 Just a couple of followups.

1 So, we should be able to -- it should be
2 fairly simple, since it's computer based
3 training, for us to be able to, basically, make
4 a very quick comparison to the number of people
5 that you have onboard and the training
6 requirements and be able to match those up
7 pretty quick.

8 MS. TSOCHLAS: I'm sorry. I don't quite
9 understand.

10 CAPTAIN LENNON: Michael, I see you're
11 nodding your head up and down.

12 MR. CHALOS: I understand what you're
13 saying.

14 CAPTAIN LENNON: In terms of our ability
15 to evaluate qualitatively your program, we
16 should be able to very readily make a
17 comparison between your crew manifests and the
18 tests that they're taking over a certain period
19 of time. There shouldn't be any problem?

20 MS. TSOCHLAS: At the end of six months,
21 you should say we have 25 people onboard, you
22 should have this amount of training.

23 CAPTAIN LENNON: You haven't begun the
24 computer based training yet?

25 MS. TSOCHLAS: This is being dispatched

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1 right now to the vessel.

2 CAPTAIN LENNON: So, six months from now,
3 that should be pretty easy to do?

4 MS. TSOCHLAS: Yes.

5 CAPTAIN LENNON: Shifting gears or
6 shifting back to the pre-training that's going
7 on. During your presentation you mentioned a
8 couple of times the company was sponsoring
9 training in the Philippines. How often is that
10 actually taking place.

11 MS. TSOCHLAS: What do you mean by -- each
12 seafarer is required to attend a certain number
13 of training seminars in accordance with the
14 matrix that we have set up, so prior to joining
15 on he will have attended a certain number of
16 training seminars.

17 CAPTAIN LENNON: And are those the ones
18 given by the company or ones that are conducted
19 externally?

20 MS. TSOCHLAS: We have two parts, they're
21 the ones that are conducted externally. He's
22 required to attend those training seminars and
23 then he's required to attend the pre-joining
24 familiarization. No seafarer goes onboard
25 without attending the pre-joining

1 familiarization.

2 CAPTAIN LENNON: How often is that taking
3 place?

4 MS. TSOCHLAS: That's taking place prior
5 to each seafarer signing on.

6 CAPTAIN LENNON: And that's taking place
7 in the Philippines?

8 MS. TSOCHLAS: Yes.

9 CAPTAIN LENNON: How often are you doing
10 that?

11 MS. TSOCHLAS: Two trainers have been
12 employed by the manning agent in the
13 Philippines who are solely for our crew and
14 they carry out pre-joining familiarization.
15 Whenever the seafarers are available, whenever
16 seafarers are getting ready to sign on, they
17 attend the pre-joining familiarization, so that
18 it's practically, I think, happening every day.

19 CAPTAIN LENNON: Just following on that a
20 little bit further. Can you give me a general
21 sense of content, what goes on during that pre
22 familiarization training?

23 MS. TSOCHLAS: We have submitted a program
24 showing what they attend throughout that day
25 and throughout that program, it's 10 days for

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1 the pre-joining familiarization at the manning
2 agent, it's a 10 day program and it covers all
3 issues related to the management of the vessel.
4 It's according to rank and department, and it
5 has to do with the safety management system.
6 It has to do with cargo handling and
7 navigation, if it's a deck officer. Engine
8 room management, if it's an engine officer.
9 Catering issues, when it's catering personnel.
10 It covers all the issues that we require our
11 seafarers to be familiar with prior to signing
12 on. And the most important part of that is
13 ensuring that our seafarers are fully familiar
14 with the requirements of our safety management
15 system and our company's policies and the code
16 of ethics in our company.

17 CAPTAIN LENNON: That's where I was
18 getting to. That's what I wanted to know.

19 Okay. Thank you.

20 MS. PETTUS: One other follow-up I had,
21 when I was looking at, I guess, the training
22 manager's visits to the manning agency and some
23 of the observations that he had made and things
24 that he recorded that he had done, I noticed
25 that one of the things that he noted was that

1 there was a dialogue involving, I guess, him
2 and the trainers and the trainees about why the
3 seafarers do not follow the procedures, which
4 seemed like a useful dialogue to have, but then
5 there was no follow-up about what happened. It
6 wasn't clear to me whether he got some viable
7 feedback or whether everyone just sat there and
8 stared at him.

9 MS. TSOCHLAS: That was an open dialogue
10 that was carried out and that feedback was
11 brought back to the company and was included in
12 our annual management review meeting.

13 MS. PETTUS: What kind of things did you
14 gather from that, I mean, what were the kind of
15 key learning points or things that you found
16 out?

17 MS. TSOCHLAS: I think the last visit he
18 introduced the idea of the CBT, because that is
19 what we're working on. I think most of the
20 trainees were very enthusiastic about the use
21 of the CBT. Another issue, I think, that was
22 brought up was to do with the circulation of
23 incidents throughout the fleet, that they found
24 that very interesting because we do do that, if
25 we have any kind of incident in the fleet, we

1 analyze it and then prepare a presentation for
2 the rest of the vessels to learn from that.
3 They thought that that was constructive and
4 they wanted more to do with that. Along those
5 lines I think the discussions were.

6 MS. PETTUS: And were there incidents the
7 company gave from what the seafarers were
8 telling them about, why they thought their
9 colleagues weren't following procedures, in
10 some cases. I mean, did they tell you, you
11 guys are hiring some people who are really
12 dumb, did they tell you, you know, it may just
13 be a personality thing with that particular
14 person, did they tell you we feel overworked?
15 I mean, were you getting any sort of feedback
16 like that?

17 MS. TSOCHLAS: When it comes to that I
18 think that the Crew Manager was trying to
19 promote that the procedures are very important
20 and that it's very important that procedures
21 are followed as per the company requirements
22 because it could lead to issues.

23 MS. PETTUS: So, this was more kind of a
24 discussion with the Crew Manager saying here's
25 some of the things we're trying, what do you

1 think about that?

2 MS. TSOCHLAS: Yes.

3 MS. PETTUS: It sounded like the way it
4 was titled, that you had kind of opened up the
5 floor and were letting people give feedback,
6 and I didn't see that.

7 MS. TSOCHLAS: I think that was the idea,
8 to get as much feedback as one can.

9 MS. PETTUS: Kind of more framed within
10 the context of what the company was already
11 doing?

12 MS. TSOCHLAS: Yes.

13 MR. CHALOS: Is that continuing?

14 MS. TSOCHLAS: That happens with every
15 visit that the Crew Manager -- When he goes to
16 Manila, he has open dialogue with all the
17 seafarers that are available.

18 MR. CHALOS: I think what Miss Pettus is
19 saying, and I agree with her, is the kind of
20 responses that the Crew Manager will be getting
21 in this open dialogue should be recorded and
22 analyzed and acted upon, if they need to be
23 acted upon.

24 MS. TSOCHLAS: They are recorded and they
25 were included in his new reports.

1 MR. CHALOS: If somebody said, hey, you
2 just don't like procedures, I'm not going to
3 follow them, would he record it.

4 MS. TSOCHLAS: He might put it in a more
5 diplomatic manner.

6 MR. BUNDY: What conclusions have you, as
7 a manager, come to about why people -- why
8 seafarers don't follow procedures, are there
9 some basic reasons that you've identified as
10 might be the problem and if you have, have
11 you -- what steps have you taken to correct it,
12 or address it?

13 MS. TSOCHLAS: I think probably the main
14 cause is culture and developing a culture of
15 compliance, and that starts from the office, it
16 starts from the company, and then follows
17 through to the vessels, and I think that we've
18 made many steps in improving the culture as a
19 whole in the company, and I think that's
20 evident in everything that we have said that
21 we're making -- we're taking steps to improve
22 our culture throughout the company and that
23 starts with improving our Safety Management
24 System, including the Environmental Management
25 Plan.

1 MR. CHALOS: And getting the word out, I
2 would imagine?

3 MS. TSOCHLAS: And making sure that it's
4 implemented properly. Many companies, or some
5 companies, at least, will develop a new plan, a
6 new Safety Management System, and just put it
7 onboard and then whatever happens. We are
8 making efforts to ensure that that plan is
9 properly implemented. We'll be going onboard
10 to make sure that the people are aware of
11 what's included in that plan and how they
12 should be implementing it, we're not just
13 leaving it in the corner.

14 LIEUTENANT COMMANDER CASHMAN: To follow
15 on, at the last hearing we talked about getting
16 the message out from the top management, the
17 senior management of the company as well as
18 possibly the owner. I believe we discussed a
19 video message or posters. What, if anything,
20 have you done along that line to get that
21 message out from the top?

22 MS. TSOCHLAS: Well, first of all, our
23 Greek seafarers, it's far easier for them to
24 come into contact with top management, to speak
25 to top management, they will have an interview

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1 or a discussion at least, not so much an
2 interview, with the managing director where he
3 will promote the company's policies, so that's
4 coming directly from top management to the
5 Greek seafarers.

6 The managing director does try to get to
7 the Philippines, so that he can have the
8 personal communication, but he has a far busier
9 schedule. We have posters in place onboard the
10 vessels which are promoting the company's
11 culture, and we have also developed a pamphlet
12 which is the company's code of ethics and that
13 is provided to each member of personnel prior
14 to signing on the vessel.

15 LIEUTENANT COMMANDER CASHMAN: If I could
16 step back to the computer based training. What
17 language or language is that training offered
18 in?

19 MS. TSOCHLAS: English is a working
20 language of our vessel, so it's in English.
21 All of our personnel are fluent in English.

22 MS. PETTUS: At every level?

23 MS. TSOCHLAS: Mainly, our Filipinos.
24 Filipinos are generally quite fluent in
25 English.

1 MS. PETTUS: Is there any evaluation, just
2 to make sure, I know a lot of time people will
3 get certificates, and I'm sure any of the Coast
4 Guard has been involved in boarding inspections
5 from time to time, the large majority of the
6 crew is able to communicate back and forth in
7 English really comfortably, but every now and
8 then, you'll have a crew member who just can't
9 do it, is there any sort of company-wide
10 attempt to make sure that those people aren't
11 kind of falling through the cracks?

12 MS. TSOCHLAS: During the pre-joining
13 familiarization, a seafarer is evaluated and
14 one of the areas that he's evaluated in is his
15 fluency in English. We also provide maritime
16 English training courses in the Philippines.

17 MR. OLSEN: How much turnover in crew do
18 you have across the fleet?

19 MS. TSOCHLAS: Our retention rate is about
20 80 percent, 8-0.

21 MS. PETTUS: I guess the next topic we had
22 on our list was the Environmental Management
23 Plan, and I guess my first question is just
24 kind of a clarification thing, because we all
25 kind of noticed as the presentation was going

1 on, I think we got Environmental Management
2 Plan and Environmental Management System and
3 ECP, and we want to make sure that those are
4 all being used synonymously.

5 MS. TSOCHLAS: The manual is called the
6 Environmental Management Plan, the whole thing
7 is a system, and the ECP isn't the terminology
8 that we're using, but it has been referred to
9 by the IEC auditors.

10 MS. PETTUS: We want to make sure everyone
11 is on the same page.

12 MS. TSOCHLAS: IEC refers to the
13 probation. Unless -- Captain Wigger kind of
14 changed that idea.

15 CAPTAIN WIGGER: It's sort of --
16 primarily, but at least in the report that
17 Captain Joshi prepared, he was looking more,
18 you know, in the more global environmental
19 management system itself, but, yeah, you're
20 right, the acronyms ECP and EMS, whatever, but,
21 yeah, we have to be careful somewhat on those.

22 MS. PETTUS: But the plan is the written
23 manual and the system is the entire program as
24 a whole.

25 MS. TSOCHLAS: Yes.

1 MS. PETTUS: One of the things -- I think
2 it came up in one of the audit reports, but
3 then also kind of in listening to some of the
4 discussion, there's the -- I think I got the
5 PMS, the Preventative Maintenance System.

6 MS. TSOCHLAS: Planned Maintenance System.

7 MS. PETTUS: And then the EMS or the E --
8 I'm already screwing it up. The Environmental
9 Management Plan.

10 MS. TSOCHLAS: Yes.

11 MS. PETTUS: And there was an issue,
12 perhaps, with cross referencing between the
13 two, where there are some things in the
14 Environmental Management Plan that would be
15 maintenance types of issues that could also be
16 in the --

17 MS. TSOCHLAS: The PMS -- PMS is basically
18 like a set of forms before the computerization,
19 when a Chief Engineer was carrying out
20 maintenance onboard the vessel, he recorded in
21 a form the maintenance he's carried out, that's
22 been computerized now, so he just enters data
23 into a software application. So, it's like one
24 big form.

25 MS. PETTUS: The PMS is just the computer

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1 entry system for all the maintenance
2 recordkeeping?

3 MS. TSOCHLAS: Yes. So, instead of --
4 if we have something, like the OWS needs to be
5 tested on a monthly basis, the entry will be
6 entered into the PMS, but it's carried out
7 rather than writing it in a form, yes, on the
8 20th of March I tested the OWS.

9 MS. PETTUS: And is it clear from the
10 Environmental Management Plan when there are
11 things that need to be done, like the oil water
12 separator needs to be done every so often, that
13 the record will be found in the PMS?

14 MS. TSOCHLAS: And the PMS has a function,
15 it tracks if it's a monthly test or if it's a
16 quarterly test. When it comes to the main
17 engine or generator, it brings up reminders
18 that in the next month these tasks have to be
19 carried out.

20 MR. CHALOS: Could I ask a question? Is
21 your tank cleaning on your PMS, the six-month
22 tank cleaning?

23 MS. TSOCHLAS: Yes, it is. And we saw
24 that in the printout -- that we showed as
25 evidence that the tank cleaning was carried

1 out -- from the source tank -- was from the
2 PMS, was from that software.

3 MR. CHALOS: So, if it's not done, it
4 would raise a red flag to the office?

5 MS. TSOCHLAS: It turns red and
6 superintendents everyday -- that's connected to
7 the software in the office, so, superintendents
8 can track that all required maintenance is
9 being carried out timely, and if he sees that
10 things are coming up red, he goes back to the
11 vessel and asks why these tasks haven't been
12 carried out.

13 When it was paper-based, the vessel would
14 have to submit the forms and that would take a
15 bit of time because it's post mail, so by the
16 time a superintendent had picked up something,
17 two or three months could have gone by, with
18 the electronic PMS our reaction is faster.

19 CAPTAIN WIGGER: And the PMS is in
20 allotment with the manufacturer's
21 recommendations?

22 MS. TSOCHLAS: Yes, of course. It's
23 Ulysses, which is one of the better known
24 software for planned maintenance.

25 MR. CHALOS: You just violated lawyer's

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1 rule number one, asking a question I didn't
2 know the answer to.

3 LIEUTENANT COMMANDER CASHMAN: To
4 follow-up. This may follow more into training,
5 but in your presentation, you noted one of the
6 items addressed on, I believe, it was the THEO
7 T, where the SWOMS report indicated a startup
8 of the OWS system, but it wasn't in the ORB,
9 and the issue centered around the operational
10 test of the OWS not being logged.

11 MS. TSOCHLAS: It was an operational test,
12 yeah, an alarm was triggered and that came from
13 the engine room alarm printouts, it was an OWS
14 alarm and when it was cross-checked with the
15 oil record book there was no entry. We're not
16 required by MARPOL to make entries, but we, as
17 a company, require that all tests carried out
18 on the OWS are entered under code I.

19 LIEUTENANT COMMANDER CASHMAN: What is
20 your assessment to why that was not happening
21 onboard?

22 MS. TSOCHLAS: A miscommunication with the
23 Chief Engineer.

24 MR. OLSEN: My thing is it falls back to
25 training and if you view it as a training

1 concern, what steps have been taken to retrain,
2 not only with the Chief Engineer there, but
3 potentially with the others on the other
4 vessels to make sure they are all following
5 this procedure.

6 MS. TSOCHLAS: That's why there was a
7 reminder sent out to all the vessels and to
8 remind them that they should go through those
9 guidelines again. But people, they're humans,
10 mistakes will happen, the point is that they're
11 monitoring the situation, we can correct those
12 mistakes before they get totally out of
13 control.

14 MR. OLSEN: This is more of the EMS
15 reporting system, in general, or the reporting
16 elements of the EMS. If I'm a crew member and
17 I call in and report, what type of -- is there
18 anything given to me that I could have a
19 reference that I made this call, like a
20 confirmation number when you place your travel
21 order, you get a confirmation, do the person
22 reporting get some type of number or something
23 referenced that he can use later on to
24 follow-up with on his report?

25 MS. TSOCHLAS: No, we haven't included

1 that into the system. We have anonymous
2 report -- you're talking about the anonymous
3 reporting?

4 MR. OLSEN: Yeah.

5 MS. TSOCHLAS: When it comes to an e-mail,
6 it's very -- it's supposedly anonymous, so I
7 guess you can't reply. When it comes to the
8 hotline, we've arranged that all the calls will
9 be recorded, but we haven't implemented a
10 system that gives a number.

11 MR. OLSEN: You don't give anything back,
12 hey, this is your reference number, if you call
13 again, you can refer to this?

14 MS. TSOCHLAS: No, we can think about
15 doing this, it's just that we haven't thought
16 about it.

17 MR. CHALOS: Can I ask a question? I
18 mean, if somebody's calling anonymously to
19 report something, do you think he's going to
20 care whether he gets a reference number? I
21 just made the call, I want to be off the phone,
22 I don't want --

23 MR. OLSEN: No, if it doesn't get fixed or
24 if the circumstance continues.

25 MS. PETTUS: Yeah, I can think of at least

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1 one case where the Coast Guard got a call twice
2 by somebody who they didn't see a response the
3 first time, so they called the Coast Guard
4 again.

5 MR. CHALOS: You mean the Coast Guard
6 gives reference numbers when someone calls?

7 MS. PETTUS: I don't know that they do
8 either, but it would be a good way to track.

9 MR. CHALOS: I'm just thinking
10 practically, if I'm making a call and I'm
11 talking about something happening, I'm not
12 going to be on the phone waiting for the
13 reference number, I'm going to hang up and go
14 back to whatever I'm doing. You know, I made
15 the report, that's it.

16 MS. PETTUS: It depends on when and where
17 and who.

18 MR. BUNDY: And if you want to cover
19 yourself for later on, if somebody suggests
20 that you were doing something wrong, you say,
21 no, no I wasn't, I reported it and I can prove
22 I reported it.

23 MR. CHALOS: Just following up on what we
24 said, if somebody makes an anonymous call to
25 the Coast Guard, I mean, I don't think they get

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1 a reference number, so how do they prove that
2 they've made a call.

3 MR. BUNDY: Maybe the Coast Guard needs to
4 think about that, too.

5 MS. PETTUS: The only other thing, just
6 because I put everything on my computer this
7 time and I was trying to look for the document,
8 but I may not be able to find it.

9 You provided in the documents that you
10 provided to us, I guess, some of the
11 correspondence between your company and, I
12 believe, it was the oil content manufacturer
13 about the testing?

14 MS. TSOCHLAS: The analyses?

15 MS. PETTUS: Yes.

16 And the response to the one, as I recall
17 it, was -- I think it was on the THEO T, where
18 they came up with the less than one part per
19 million reading, even though the meter was
20 reading something else, and that company
21 suggested doing a clean water sample. I think
22 you mentioned this in your presentation, it
23 just wasn't clear when we went back to talk
24 about it. Was that a --

25 MS. TSOCHLAS: That was a -- the maker was Appendix A4
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1 actually checking whether the effluent was
2 compatible with the OCM. Doing that he came up
3 with the fact that there was a difference
4 between the reading that the OCM gave and
5 the -- the actual content of the sample and the
6 technical department -- that was kind of on a
7 different level, the technical department
8 investigated the issue and they've dealt with
9 that. You can ask Mr. Karagiorgis if you want.

10 MS. PETTUS: What was the resolution of
11 that?

12 MR. KARAGIORGIS: So, during the actual
13 operation of the bilge pump, there are some
14 turbulence that increases the readings of PPM.
15 When the samples arrive to the laboratories, it
16 is -- and that means the PPM is found to be
17 reduced.

18 MR. CHALOS: Did you understand the
19 answer?

20 MS. TSOCHLAS: When the sample is flowing,
21 it has turbulence while it's flowing in -- it's
22 not --

23 MS. PETTUS: It's not still, yeah.

24 MS. TSOCHLAS: By the time the sample that
25 was collected got to the main, that had

1 settled, so it seemed cleaner than it actually
2 was.

3 MS. PETTUS: Okay. I see.

4 MS. TSOCHLAS: So, the technical
5 department went back and investigated that and
6 made sure there was a calibration test carried
7 out to make sure that it was in line and that
8 there weren't any issues there.

9 MS. PETTUS: And then the calibration test
10 turned out okay?

11 MS. TSOCHLAS: Yes. And in addition to
12 the monthly test that's carried out onboard, we
13 have an external technician from the maker
14 aboard the vessel on a yearly basis to make
15 sure that the OCM is functioning properly.

16 LIEUTENANT COMMANDER CASHMAN: I'd like to
17 quickly touch upon the fleet engineering
18 survey. While our focus here is primarily on
19 the environmental side, I note the scope of
20 work focused on the fleet engineering survey
21 covering all systems, all equipment, and all
22 components. I'm wondering if you have a second
23 survey that's been designed or put together, or
24 if the one that provided responses to here was
25 intended to cover all systems.

1 MS. TSOCHLAS: When we say all systems, we
2 mean pollution equipment prevention systems or
3 do you mean the wider --

4 LIEUTENANT COMMANDER CASHMAN: The way I
5 read the scope of work, all onboard mechanical
6 engineering systems.

7 MR. OLSEN: The goal of that requirement
8 was more to see whether or not the crew was
9 overloaded in addressing the magnitude of
10 problems that they face in an engine room and,
11 thus, their ability to handle waste as well.

12 MS. TSOCHLAS: Okay.

13 MR. OLSEN: You presented it as primarily
14 the pollution prevention equipment and it
15 should really be looked at as the whole view,
16 are they working 16 hours a day, you know, to
17 maintain the vessel, in general.

18 MS. TSOCHLAS: We had interpreted it as to
19 do with pollution prevention equipment, but we
20 can take that into consideration and in the
21 next revision improve that.

22 MR. BUNDY: I think Mr. Chalos invited
23 folks to submit questions -- that to be
24 included on the survey, you might want to
25 formulate something that would satisfy the

1 information you need to learn.

2 LIEUTENANT COMMANDER CASHMAN: Thank you,
3 sir, I think we would probably be willing to do
4 that, but, again, with our focus on the
5 environmental side, my request would be for
6 Ionia, who obviously know your ships much
7 better than we ever could, could put together a
8 survey that is all encompassing and from there
9 make any recommendations beyond that.

10 MS. TSOCHLAS: If it's not focused on the
11 environment, we do have a list of questions,
12 it's kind of a survey that the seafarer
13 completes when he signs on and that has to do
14 with a range of issues, more focused on the
15 seafarer's welfare onboard. Things like if he
16 was happy with the food, if he was happy with
17 the accommodation, if he was happy with
18 work/rest hours, and interaction with the
19 senior officers, so we do have that in place,
20 but it's not really focused on environmental
21 issues. The fleet engineering survey, we
22 understood was to be focused on environmental
23 issues. And in preparing that fleet
24 engineering survey, we actually requested
25 assistance from the IEC, it wasn't done

1 entirely by ourselves.

2 MR. CHALOS: Mr. Bundy, I want to read --
3 so we're all on the same page -- I'm reading on
4 page four of the scope of work.

5 MR. BUNDY: Right.

6 MR. CHALOS: Yeah, it's an attachment, I
7 think.

8 MS. TSOCHLAS: Page 21.

9 MR. CHALOS: Attachment B, page four. It
10 says here, Fleet Engineering Survey.

11 MR. BUNDY: Right.

12 MR. CHALOS: Ionia shall survey its
13 shipboard engineers on its vessels at all
14 levels for information on how to make the OWS,
15 OCM, associated systems, and Waste Management
16 processes approved, and for methods on reducing
17 or handling waste accumulations within engine
18 rooms, machinery spaces or pump rooms within
19 three months of the implementation of this
20 plan.

21 And so, I think that's what caused Ionia
22 to focus in on the pollution control equipment
23 rather than all operations, in general. But,
24 again --

25 MS. PETTUS: I think that's fair.

1 The second sentence is where it goes on to
2 talk about the ability to adequately maintain
3 the vessel's systems. And so, I think you're
4 right, I think they might have gotten
5 misdirected by the first sentence.

6 MS. TSOCHLAS: But the third question in
7 that report has to do with the ability to
8 maintain them. Some of our responses from our
9 seafarers may have been a little bit off base,
10 but the question was --

11 MR. CHALOS: But, again, Ionia welcomes
12 any constructive information that you want us
13 to -- or questions that you want us to pass
14 onto the crew.

15 MR. BUNDY: What I'd suggest is this, is
16 that if the Coast Guard or the Government has
17 concerns about additional questions that they
18 think ought to be included in here, contact
19 Captain Wigger and Captain Wigger can work with
20 Ionia to get the fleet engineering, so that the
21 lines of communication are clear. Because
22 Captain Wigger, or his company, worked with
23 Ionia to get this thing together, so let's make
24 sure that we're all on the same page.

25 MS. PETTUS: I don't necessarily think

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1 that that was meant as a criticism, that was
2 kind of a suggestion.

3 MR. CHALOS: We didn't take it as a
4 criticism, I'm just giving you what their
5 thought process was.

6 MR. BUNDY: Okay.

7 CAPTAIN WIGGER: But you're looking, Ken,
8 more from the overall workload perspective that
9 they have?

10 MR. OLSEN: You can tell from your walk
11 around what's going on, and that's what we're
12 looking at, how overwhelmed are they, if
13 they're overwhelmed at all, maybe they're not.
14 But if they are, you can be sure then that some
15 of these drips and dribbles aren't going to be
16 addressed so quickly, and that's what leads to
17 some of these problems.

18 CAPTAIN WIGGER: And that's one of the key
19 areas that we also address in our own audits,
20 and I would expect that Ionia in their internal
21 auditing processes would also address that,
22 whether it's an EMS audit or an ISM or SMS
23 audit, you're looking at work/rest hours, the
24 ability to maintain the equipment, you know,
25 the level of crew as far as numbers, and all

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1 that sort of stuff.

2 MS. TSOCHLAS: When it comes to that, the
3 crew this time, it was included in both of the
4 initial audits, our level of personnel onboard
5 is high. We have four engine officers, an
6 electrician, a training electrician, four deck
7 officers, we've got quite a rich crew.

8 MR. CHALOS: Is that in addition to the
9 Master and Chief Engineer?

10 MS. TSOCHLAS: It's the Chief Engineer,
11 Second and Fourth Engineer and the electrician.
12 We have a training electrician and then we
13 have, I think, three fitters and two oilers,
14 which is well above what the safe manning or
15 what most companies do. And we also have
16 wipers. Our Chief Officer is a day man, he
17 doesn't carry out navigational duties. We have
18 a Second Officer and two Third Officers, in
19 addition to the Master, and then we have deck
20 cadets, two deck cadets, and three or four ABs.
21 So, when it comes to crewing level, I think
22 it's well above the average. And for ships
23 that are between 40,000 dead weight to 70,000
24 dead weight, they're not big ships.

25 MR. BUNDY: Okay. Anything else?

1 MS. PETTUS: We have nothing further.

2 MR. BUNDY: Mr. Sanborn, if you have any
3 questions to put to Ionia or observations to
4 make, please do so?

5 MR. SANBORN: I just got a couple of
6 things, because most of what I was going to ask
7 was answered during the session here.

8 I just want to make sure I got one thing
9 clear, in looking through the material that you
10 sent us, Miss Tsochlas, you had two sets of
11 matrixes, one for a Captain and Chief Engineer,
12 and then you had one for, basically, for all of
13 the other -- all of the officers and ratings
14 onboard, and they were -- they covered a span
15 of 10 days, and I was trying to figure out,
16 what, you know, what that was?

17 MS. TSOCHLAS: The pre-joining
18 familiarization, as I said, is according to the
19 rank and the department. So, we have for the
20 Master, a separate program, for the Chief
21 Engineer, a separate program, then there's the
22 deck officers, engine officers, engine ratings
23 and deck ratings, it's separate programs for
24 each group.

25 MR. SANBORN: So, all of the 10 days are

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1 pre-joining training?

2 MS. TSOCHLAS: Yes. So each -- according
3 to each seafarer, it's 10 days.

4 MR. SANBORN: I understand, I understand
5 that.

6 The observation I had is, and I think it
7 tracks a little bit about what came out here, I
8 didn't see as much -- I'll call it
9 environmental training in either -- in any of
10 those matrixes that I thought I might see in
11 comparison with some of the other, I'll call it
12 disciplines, that's just an observation without
13 really having seen this syllabus.

14 MS. TSOCHLAS: In the presentation, I
15 mentioned the areas that aren't covered in the
16 pre-joining familiarization. I haven't
17 quantified it, but I can do that.

18 MR. CHALOS: That includes the
19 environmental.

20 MS. TSOCHLAS: In the pre-joining
21 familiarization that I've issued, the items,
22 the training items I mentioned, all have to do
23 with environmental training and they're covered
24 within those matrixes.

25 MR. SANBORN: Those matrixes.

1 You mentioned your October annual
2 management meeting, is that where you would
3 put, in concert with your colleagues, put
4 together a master training plan for the coming
5 year?

6 MS. TSOCHLAS: Yeah, the management review
7 meeting is to do with the safety management
8 system overall. It's a requirement of the ISM.
9 It includes also the environmental management
10 review meeting. During that meeting we review
11 the company's performance over the last year,
12 which means reviewing incidents, inspection
13 results, audit results, also, reviewing and
14 analyzing our key performance indicators that
15 we've established and then setting the targets
16 for the coming year.

17 MR. SANBORN: And the other thing I had,
18 just looking through the earlier material, I
19 noticed that you've implemented the Ulysses
20 system, which you mentioned, and I was
21 absolutely able to find their website, and my
22 question, it's just a question, is I noticed
23 that they have several different programs, one
24 that we'll call it -- addresses maintenance,
25 which you've got in place, but do you also have

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1 purchasing or crewing or quality safety ops in
2 there as well?

3 MS. TSOCHLAS: We have other modules as
4 well, we have the purchasing module that is
5 being used by our supply department, and we
6 also have the document management module, which
7 is in the process of being implemented, so this
8 hard copy of the environmental management
9 manual will be transferred to the electronic
10 software.

11 MR. SANBORN: And this has something
12 remotely to do -- have you made your move to
13 your new headquarters yet?

14 MS. TSOCHLAS: Not yet. We're expecting
15 to move in December.

16 MR. SANBORN: Is that going to be what we
17 call open architecture?

18 MS. TSOCHLAS: Of course, open plan, yes.

19 MR. SANBORN: Thank you. Thanks very
20 much.

21 CAPTAIN WIGGER: Most of the questions I
22 had were either answered by you in your
23 presentation or the comments that were made,
24 but one area, you mentioned that the
25 transmission of data, you had a loss of the

1 satellite signal and that after a day, I guess,
2 that data was lost. When was the 14 day
3 storage put in place?

4 MS. TSOCHLAS: On the THEO T it was put in
5 place at the time of the final commissioning on
6 the 13th of May. With FIDIAS, it hasn't yet
7 been installed.

8 CAPTAIN WIGGER: The reason I was asking
9 is that I noticed in the review of the monthly
10 data that you send us, in April there was, I
11 think, in one of the OWS operations it appeared
12 to be the loss of signal, and the whole
13 operation of the OWS was not recorded.

14 MS. TSOCHLAS: By the SWOMS.

15 CAPTAIN WIGGER: Because I think there
16 were three for that month and the first one was
17 cut off, but the other two were fully recorded,
18 but that type of loss of data will no longer
19 occur.

20 MS. TSOCHLAS: Yes. And the data had been
21 lost electronically. We always have the
22 printout, so it's not something that
23 disappears.

24 CAPTAIN WIGGER: But, yet, the printout
25 that was provided, the last printout, anyway,

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1 for the April data, it appeared to me anyway,
2 maybe I read it wrong, but I think that data
3 didn't show the full scope of the test.

4 MS. TSOCHLAS: I have to look at
5 exactly --

6 CAPTAIN WIGGER: I was going to send you
7 an e-mail on that and maybe you should do that
8 just to follow-up.

9 MS. TSOCHLAS: Was it scanned? Were they
10 the scanned printouts?

11 CAPTAIN WIGGER: They were the scanned
12 printouts.

13 MS. TSOCHLAS: If something's lost, it
14 could be a mistake in the scanning.

15 CAPTAIN WIGGER: Maybe that's it, too,
16 because there were parts of the paper that were
17 cut off a little bit.

18 MS. TSOCHLAS: Because for us to scan the
19 documentation, we actually give it to a company
20 who scans it.

21 CAPTAIN WIGGER: Just for your information
22 then, you might want to look at that data for
23 the first operation of the OWS, and the way
24 it's configured, it goes down one side and up
25 and down the other.

1 MS. TSOCHLAS: It's very confusing. It
2 will be much easier now with the electronic
3 transmission, but it comes as hard copies to
4 us, it's not sent to us by e-mail, for example.
5 So, while scanning it to put it on a CD to send
6 it to you, there may be a page was missed out.

7 CAPTAIN WIGGER: Okay. Go ahead.

8 MR. OLSEN: Is there any effort from Ionia
9 to collect the data that is generated within
10 the OCM --

11 MS. TSOCHLAS: The deck man?

12 MR. OLSEN: Yeah -- regularly?

13 MS. TSOCHLAS: Because we discussed this
14 in the previous hearing, we looked into that.
15 What we do is we have been provided by the
16 manufacturer with the memory card reader and we
17 have put a procedure into place, which is
18 included in the manual, but because we're
19 reviewing all these records, if we identify
20 that there's an issue that requires
21 investigation, a superintendent will go onboard
22 and transfer that data onto the memory card
23 reader, but it will be done only by a
24 superintendent.

25 CAPTAIN WIGGER: The other point I was

1 going to ask about, and Captain Joshi mentioned
2 it in his SWOMS evaluation report, is the local
3 time versus GMT. Of course, the oil record
4 book is in local time, the environment logger
5 is in GMT, so it does make it difficult to
6 compare records back and forth. And I think
7 the alarm is printed in the local time. That
8 should be suggestive of local time. Are you
9 looking at changing that at all?

10 MS. TSOCHLAS: I think we've spoken to
11 Vigilant Marine about that and see if we can
12 correct that.

13 MR. CHALOS: Just as a follow-up, does the
14 SWOM system automatically -- if you wanted to
15 set it for local time, does it change
16 automatically, or do you have to reset it every
17 time you go through a time zone?

18 MS. TSOCHLAS: We can't reset it, it's on
19 GMT, but it does have a GPS. I think it might
20 be, but I don't think Vigilant has provided
21 feedback yet to us, but it could be a
22 programming thing.

23 CAPTAIN WIGGER: Because I know your
24 monitors onboard in the engine control room,
25 the alarm monitors and even the printout, those

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1 are adjusted for local time, so I don't know
2 how, you know, if that's a manual or if that's
3 an automatic adjustment?

4 MR. CHALOS: I think they're automatic,
5 but I don't know if the SWOM system has that
6 feature. You're right, if it reads GPS, it
7 should have a local setting on it.

8 MS. TSOCHLAS: But because it's new
9 technology, these issues come and they're
10 corrected as we go along.

11 MR. BUNDY: Rich, from your -- Captain
12 Wigger, I should say, from your experience with
13 other SWOM systems, how is this stacking up?

14 CAPTAIN WIGGER: There's different, I
15 guess, different levels of SWOMS out there that
16 we've seen. This one here is, so far at least,
17 the most sophisticated that I've seen, I'm sure
18 there are others out there, but from what I've
19 seen, some only have an onboard recording
20 device with no transmission, some are limited
21 as far as what is being monitored. Primarily,
22 the OWS is always monitored, but tanks being
23 monitored, incinerators being monitored varies
24 from some of these SWOM systems that we've
25 seen.

1 One particular company, I know they're in
2 the process of developing and implementing
3 their SWOMS and they seem to be having similar
4 problems and, in fact, the Coast Guard could,
5 you know, not that we want to get into other
6 cases, but I think that they have recently
7 asked for some extension on their deadlines
8 because of the problems that they've had and,
9 in fact, I've been aboard one of their vessels
10 that has a SWOMS recently installed and at the
11 time I was aboard, it just wasn't functional.
12 But -- so, I think the new technology that
13 we're dealing with here does make the whole
14 process a little bit more difficult. And even
15 as we talk about local time versus GMT, I think
16 over time, these systems will be better
17 developed?

18 MS. TSOCHLAS: All the problems will be
19 ironed out.

20 CAPTAIN WIGGER: So, again, from my
21 perspective, it seems that what we are
22 experiencing is just growing pains right now.

23 MR. BUNDY: Anything else? Any other
24 comments? Questions.

25 I've got just a couple.

1 I know there are various vetting services
2 that exist. Has Ionia had experience with the
3 various vetting services?

4 MS. TSOCHLAS: They're not really vetting
5 services, they're third parties that come on.

6 MR. BUNDY: Right. Third parties come on
7 that I know they're services for the shipper.

8 MS. TSOCHLAS: The oil majors. They come
9 onboard. We have -- their tankers, too. We
10 have regular vetting inspections.

11 MR. BUNDY: Have you had any problems in
12 those regards?

13 THE WITNESS: No. We generally have good
14 performance on our vetting inspections because
15 most of our vessels are new.

16 MR. BUNDY: And, I mean, it's obvious to
17 everybody that the worldwide economy being what
18 it is, there's constraints, have you noticed
19 any budgetary constraints on your ability to
20 conform with the work plan or other components
21 of this probation.

22 MS. TSOCHLAS: We just spent a lot of
23 money on the computer competency evaluation, so
24 I don't think, I personally, in my department
25 has had any constraint. Our ships are still

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1 working, so it's a good sign.

2 MR. CHALOS: We have the CCM here, you
3 know, who would be, you know, the most directly
4 involved with the budgets, I mean, you can ask
5 him.

6 MR. BUNDY: Okay.

7 MR. KARAGIORGIS: The budget constraints
8 regarding limitation --

9 MR. BUNDY: There are not any budgetary
10 limits regarding the --

11 MS. TSOCHLAS: We have no budgetary limits
12 when it comes to disposing of bilges and
13 sludges to reception facilities.

14 CAPTAIN WIGGER: That was verified, I
15 think, in Captain Joshi's report, at least the
16 last one, I think, the previous ones as well,
17 that it's one of the areas that he questioned
18 on, was limitations on disposal costs.

19 MS. TSOCHLAS: We really have no
20 limitations, whenever we need something to be
21 disposed to a reception facility, it's disposed
22 of.

23 MR. BUNDY: At the conclusion of your
24 presentation you asked for a recommendation
25 that the company be allowed to trade in the

1 U.S. Are there any current plans, is there
2 any -- are there any charters or any voyages
3 planned to the U.S.?

4 MS. TSOCHLAS: At the moment, no, but the
5 ship's management of the company has to be able
6 to trade worldwide, so the aim of any
7 management company is to make a ship,
8 especially when it's a new building and it's in
9 good condition, to be capable of going wherever
10 it needs to go to get a charter party. So, we
11 want our ships to be able to have the ability
12 to call at U.S. ports, and then if a charter
13 party comes up that's related to it, it's good
14 to go.

15 MR. BUNDY: Does the Government or the
16 Coast Guard have any comment on the request for
17 Ionia to be able to trade in the U.S.?

18 MS. PETTUS: Off the cuff, I don't think
19 so. It's possible it's something we want to
20 discuss. We could get back to you in a
21 relatively quick time on that.

22 CAPTAIN LENNON: I don't think right now
23 we're in a position to answer that question. I
24 think we need to talk about that and see what
25 we have. Digest some of the things that we

1 talked about here today.

2 MR. BUNDY: My report is due 30 days from
3 today. So, if I could get your response within
4 15 days.

5 MR. CHALOS: And, Mr. Bundy, just to be
6 clear, we're talking about the two ships that
7 have the SWOM systems on there, the FIDIAS and
8 the THEO T.

9 MR. BUNDY: Right.

10 MR. CHALOS: And they've been kept out of
11 the U.S. Service, pursuant to a Court order,
12 pending the installation and commissioning of
13 the SWOM system, which has been done, but I
14 think this company has gone further in terms of
15 showing their commitment to environmental
16 compliance, through the programs and procedures
17 that they've have discussed here and have
18 presented to the Special Master and to the
19 Government. So, you know, we think that
20 they've done what they've been asked to do,
21 what they've been ordered to do and, you know,
22 the time has come to make that request for your
23 consideration and for the Court's
24 consideration.

25 MR. BUNDY: Yeah, the Court will

1 ultimately --

2 MR. CHALOS: And we hope the Government
3 joins with us and agrees, because it's also a
4 sign from the Government's standpoint of good
5 faith, that, you know, if they ask you to do
6 something or you're ordered to do something,
7 and you do it, the Government should recognize
8 that and, you know, and assist, if you will, by
9 agreeing to permit the vessels to come in,
10 rather than, you know, take a position that
11 just continues to be punitive.

12 MR. BUNDY: Okay. So you guys will --

13 MS. PETTUS: We'll consider, you know,
14 everything that's been at the hearing here and
15 the materials that we've been given, and talk
16 it over and definitely give a response to you
17 within 15 days.

18 MR. BUNDY: Thank you very much.

19 I want to thank Ionia and the people that
20 came all the way over here. It's very much
21 appreciated. Your presentation was very
22 helpful and I appreciate it.

23 And I want to thank the Government for the
24 good questions and all of the Coast Guard
25 officers who came and civilians, the show of

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1 real interest on their part in making sure that
2 this gets done right. And thank you, Miss
3 Pettus for your presentation.

4 And I think that concludes this hearing.

5 Oh, one other thing, based on the way this
6 hearing went and the amount of information that
7 is becoming available, I would hope that,
8 perhaps, next time we could do this may be by
9 teleconference or by telephone call. It
10 depends on how things go at the next audit and
11 all of that, if there are any major things, but
12 I think that we ought to consider doing it as a
13 time and cost saving measure for everybody.

14 MR. CHALOS: I think you also have the
15 right or the Court is granting you the
16 discretion, if you will, not to hold them every
17 six months.

18 MR. BUNDY: No, I understand. Yeah, I
19 understand the discretion and we'll see how
20 things go, and I would expect that we'll try
21 and keep the time and expense down for
22 everyone, if we can, consistent with making
23 sure that the Court's order is carefully
24 complied with.

25 Thank you very much. We'll go off the

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1 record.

2 (Whereupon, the hearing was
3 concluded at 3:05 p.m.)

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CERTIFICATE

4

STATE OF CONNECTICUT

5

ss: New Haven

6

COUNTY OF NEW HAVEN

7

8

I, Victorine Kaliszewski, a Notary

9

Public in and for the State of Connecticut, duly

10

commissioned and qualified and authorized to

11

administer oaths, do hereby certify that I was

12

attended at the U.S. Bankruptcy Court, 157 Church

13

Street, New Haven, Connecticut, on July 8, 2009,

14

starting at 9:00 a.m., by counsel for the respective

15

parties as appears in the herein-entitled cause,

16

that said witnesses were duly sworn and thereupon

17

testified as appears in the foregoing deposition;

18

that said deposition was taken stenographically by

19

me in the presence of counsel for the respective

20

parties and reduced to typewriting under my

21

direction; that the foregoing is a true and correct

22

transcript of the testimony.

23

I also certify that I am neither of

24

counsel nor attorney to either of the parties to

25

said suit, nor am I an employee of either party to

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1 said suit, or of either counsel in said suit, nor am
2 I interested in the outcome of said cause.

3 Witness my hand and Seal as such Notary
4 Public at New Haven, Connecticut this 15th day of
5 July, 2009.

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12 My Commission Expires:

13 November 30, 2010

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15 CSR NO. 00208

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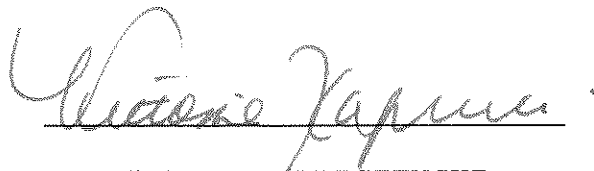
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